

REPORT TO: Corporate Governance Committee

12 March 2014

LEAD OFFICER: Head of Finance, Policy and Performance

ANNUAL REVIEW OF RISK MANAGEMENT STRATEGY AND PROCESS

Purpose

1. The purpose of this report is for Corporate Governance Committee to conduct the annual review of the Council's Risk Management Strategy and process and agree any changes considered necessary.
2. This is not a key decision but it has been brought because:
 - (a) it enables Corporate Governance Committee to exercise its governance responsibility for risk management;
 - (b) annual review of the Risk Management Strategy and process is good practice to ensure that these remain relevant, adequate and effective.

Recommendations

3. It is recommended that Corporate Governance Committee approves the proposed revised Risk Management Strategy, as set out at Appendix B to this report.

Reasons for Recommendations

4. The proposed revised Risk Management Strategy has been updated to address recommendations resulting from Internal Audit's risk management review and to reflect the Council's Corporate Plan for 2014 to 2019 – it therefore represents appropriate application of risk management best practice to the Council's strategy and process.
5. The Strategic Risk Register, the risks included, assessments of their impact and/or likelihood, and associated control measures / sources of assurance, have been considered at the following meetings in 2013-14:
 - (a) Corporate and Customer Services Portfolio Holder meeting on 18 April 2013;
 - (b) Cabinet meeting on 27 June 2013;
 - (c) Cabinet meeting on 18 November 2013; and
 - (d) Cabinet meeting on 13 February 2014,these last two, as part of the Position Statement report on Finance, Performance and Risk. A review of strategic risks over the past 12 months gives Corporate Governance Committee assurance that the Council's Risk Management Strategy and process remain effective.

Background

6. The Council's Risk Management Strategy was first adopted in January 2004 and has been updated several times since. It was last updated in June 2013, to address recommendations resulting from Internal Audit's risk management review, to reflect changes in the formats of risk registers reported to EMT and the Corporate and

Customer Services Portfolio Holder, and in line with recommendations from Corporate Governance Committee.

Considerations

7. Corporate Governance Committee monitors the responsible portfolio holder's review and approval of the Council's Strategic Risk Register on an annual basis. The Corporate and Customer Services Portfolio Holder's reviews of the Strategic Risk Register during 2013-14 are summarised below:
 - (a) The portfolio holder has reviewed the Strategic Risk Register throughout the year, considering the risks included, the assessments of their impact and/or likelihood and associated control measures / sources of assurance; examples include:
 - (i) April 2013: The portfolio holder agreed Executive Management Team (EMT)'s recommendation that the Supported Housing risk likelihood score be reduced from 5 (almost certain) to 3 (possible);
 - (ii) June 2013: The portfolio holder agreed EMT's recommendations that the HRA Business Plan risk likelihood score be increased from 2 (unlikely) to 3 (possible), and that the Supported Housing risk impact score be increased from 2 (low) to 3 (medium); however, the portfolio holder decided to keep the Illegal Traveller Encampments or Developments risk likelihood score at 3 (possible) rather than reduce it to EMT's recommendation of 2 (unlikely);
 - (iii) November 2013: As the Business Improvement and Efficiency Programme was of significant importance to the authority, the portfolio holder agreed to include a risk related to it in the register; the portfolio holder agreed EMT's recommendations to reduce the HRA Business Plan likelihood score from 3 (possible) to 2 (unlikely) and to remove the Depot Size risk from the register as the service had moved to the new site;
 - (iv) February 2014: Cabinet agreed EMT's recommendations to reduce the Increase in numbers in Bed & Breakfast Accommodation risk likelihood score from 4 (likely) to 3 (possible) and to remove the Supported Housing risk from the register as the service had been negotiated with the commissioning authority;
 - (b) As a result of these reviews:
 - (i) one new risk relating to the Council's Business Improvement and Efficiency Programme has been included;
 - (ii) the impact/likelihood assessments of two risks (Increase in numbers in Bed & Breakfast Accommodation; and HRA Business Plan) have been reduced; and
 - (iii) two risks (Depot size, and Supported Housing) have been removed.
 - (c) This demonstrates that the Corporate and Customer Services Portfolio Holder has exercised his executive responsibility for risk management and that the Council's risk management process is effective.
8. **Appendix A** attached sets out all the recommendations resulting from internal audit's risk management review, together with management responses, actions taken and proposed updates to the Risk Management Strategy.
9. The proposed revised Risk Management Strategy is attached at **Appendix B**; suggested updates are shown as **highlighted text**.

Options

10. Corporate Governance Committee could approve the changes proposed to address the internal audit recommendations and the Council's Corporate Plan for 2014 to 2019, and the resulting proposed revised Risk Management Strategy. (***This is the recommended option.***)
11. Alternatively, Corporate Governance Committee could suggest other improvements or enhancements to the Risk Management Strategy, risk management process or document formats.

Implications

12. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered:

Risk Management

13. The updated Risk Management Strategy will continue to ensure the authority has an effective risk management process, reflecting the authority's political arrangements and management structure and the Council's Aims, and providing appropriate ownership and assurance.

Consultation responses (including from the Youth Council)

14. The review of the Risk Management Strategy has taken into account recommendations from Internal Audit's risk management review.
15. There were no consultation responses from the Corporate and Customer Services Portfolio Holder, members of EMT or members of Corporate Governance Committee that required changes to the Risk Management Strategy.

Effect on Strategic Aims

Engagement – Engage with residents, parishes and businesses to ensure we deliver first class services and value for money.

16. The annual review of the Council's Risk Management Strategy contributes to the Council's corporate governance responsibilities and ensures that risks involved in the delivery of the Council's Corporate Plan and in meeting its strategic Aims are identified and managed adequately and effectively.

Background Papers

Where [the Local Authorities \(Executive Arrangements\) \(Meetings and Access to Information\) \(England\) Regulations 2012](#) require documents to be open to inspection by members of the public, they must be available for inspection: -

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

Internal Audit's risk management review.

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